

## **New Trade Opportunities, a Boon to Small Businesses**

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Administrator,

Congress will soon begin debating about the value of expanding trade with our friends in the Dominican Republic and Costa Rica, Guatemala, Nicaragua, Honduras and El Salvador. From the perspective of a former small business owner, the prospect of expanding trade opportunities through the Dominican Republic-Central American Free Trade Agreement is encouraging.

DR-CAFTA will level the playing field for American workers, farmers and ranchers by reducing and eliminating onerous tariffs and regulations. Consider this: currently, 80% of imports enter the United States from the DR-CAFTA countries duty free. The same is not true for American exports, on which DR-CAFTA countries still levy significant tariffs. Passage of this trade pact would correct this harmful trade imbalance.

U.S. businesses expected to benefit from this immediate duty elimination include information technology products, agricultural and construction equipment, paper products, pharmaceuticals, medical and scientific equipment, high-quality cuts of beef, soybeans, cotton, wheat, along with many fruits and vegetables and processed food products.

Remaining tariffs will phase out over the next few years. Those levied on U.S. automobiles and auto parts will be eliminated in the next 5 years; consumer and industrial goods will see all residual tariffs lifted within 10 years; and tariffs on all U.S. farm products will be lifted within 20 years, and most in the next 15.

Expanding the marketplace for American goods will result in billions of dollars of growth. The DR-CAFTA market already consumes over \$4 billion in consumer and industrial goods alone, even with heavy tariffs in place. The U.S. Chamber of Commerce predicts U.S. sales to the region will increase by \$3 billion in the first year. And the American Farm Bureau forecasts that farm exports could grow by as much as \$1.5 billion annually.

There are other, more specific economic benefits to American small businesses—including a strengthening of the U.S. textile industry's ability to compete with Asia; strengthening of protections for U.S. patents, trademarks and trade secrets; ground-breaking anti-corruption measures in government contracting; and increased transparency in customs operations and dispute settlement mechanisms.

Aside from the obvious and immediate economic benefits, DR-CAFTA will advance economic development and strengthen security among our neighbors. Democracy in Central America remains precarious, but it is paramount to peace and prosperity for the citizens of those nations. By providing economic support to countries forging their future under the banner of democracy, we support their economic freedom and the democratic

institutions that will lead to regional stability and increased quality of life among their people. Improving labor standards and economic growth throughout the region will be good for American small business and better for Central American and Dominican Republic workers.

Small businesses, the backbone of the American economy, create more than 37% of the value of U.S. exports to the DR-CAFTA region. Their stake in the outcome of this free-trade agreement is great; as it is for all Americans. Our security depends on our prosperity and that of our neighbors. The potential economic growth that creates jobs for workers and encourages political and economic stability will foster increased productivity and peace at home and abroad.

DR-CAFTA is one of the most important trade agreements in our nation's history. Congress must pass DR-CAFTA.

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